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COUNTY OF FRESNO  
CALIFORNIA  
SINGLE AUDIT REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2009

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COUNTY OF FRESNO  
CALIFORNIA

SINGLE AUDIT REPORT  
JUNE 30, 2009

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# PRICE PAIGE & COMPANY

ACCOUNTANCY CORPORATION

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Members of the  
Board of Supervisors  
County of Fresno, California

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fresno (County) as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 18, 2009. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that *might* be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs, as Finding 09-01, to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of, management, the Audit Committee, the Board of Supervisors and officials of the federal and state grantor agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Price Pange & Company*

Clovis, California  
December 18, 2009

# PRICE PAIGE & COMPANY

ACCOUNTANCY CORPORATION

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB-CIRCULAR A-133

The Honorable Members of the  
Board of Supervisors  
County of Fresno, California

### Compliance

We have audited the compliance of County of Fresno, California (County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs are the responsibility of the County's management. Our responsibility is to express an opinion on County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

### Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fresno, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 18, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Audit Committee, the Board of Supervisors and officials of the federal and state grantor agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Price Page & Company*

Clovis, California  
March 19, 2010



COUNTY OF FRESNO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA No.</b>	<b>Pass-Through Entity ID Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Agriculture</u></b>			
<u>Direct Federal Programs</u>			
Schools and Roads - Grants to States	10.665		1,087,625
Food Stamps	10.551		240,419,307
Food Stamps Administration	10.561		11,375,849
<u>Passed Thru State Dept Of Food And Agriculture</u>			
Egg 08-0090	10.162	08-0090	3,354
<u>Passed Thru California Department of Education</u>			
School Lunch, Breakfast, SP Milk	10.555	10-10108-6060438-01	705,832
<b>Total U.S. Department of Agriculture</b>			<b>253,591,967</b>
<b><u>U.S. Department of Defense</u></b>			
<u>Direct Federal Programs</u>			
U. S. Flood Control	12.106		13,423
<b>Total U.S. Department of Defense</b>			<b>13,423</b>
<b><u>U.S. Institute of Museum and Library Services</u></b>			
<u>Direct Federal Programs</u>			
Big Red-Tom	45.025		20,000
<u>Passed Thru California Council for the Humanities</u>			
How I See It:My Place #MPL087-11	45.129	MPL08-11	698
<u>Passed Thru California State Library</u>			
Early Learning with Families (LSTA) #40-6936	45.310	40-6936	1,704
Transforming Life	45.310	40-7145	16,673
Customer Services in the User Empowered	45.310	40-7196	3,000
<b>Total U.S. Institute of Museum and Library Services</b>			<b>42,075</b>
<b><u>U.S. Department of Health and Human Services</u></b>			
<u>Direct Federal Programs</u>			
Title IV E	93.568		1,470,571
Babies First	93.926		1,066,491
Family Preservation Support Program	93.556		1,409,583
Non CWS Allocation	93.658		255,919
Cal Works Single	93.558		66,156,753
CWS TANF	93.558		4,471,257
CWS IVB	93.645		644,970
Assistance AFDC - FG&U	93.558		85,298,320
RRP, RDP, RRP GR and Non AFDC	93.566		107,887
Refugee Cash Assistance (RCA)	93.566		50,679

The accompanying notes are an integral part of this schedule.

**COUNTY OF FRESNO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA No.</b>	<b>Pass-Through Entity ID Number</b>	<b>Federal Expenditures</b>
Calwin	93.558		1,922,825
Public Authority	93.778		7,437,470
Licensing FFH	93.658		227,392
Administration-FC	93.658		1,118,564
Child Welfare Services (IVE)	93.658		12,448,812
Assistance-AFDC-FC	93.658		12,089,235
Adoptions Administration	93.659		712,693
Aid for Adoption	93.659		7,847,861
CWS Title XX	93.667		1,546,383
ILP	93.674		477,061
<u>Passed Thru State Department of Health and Human Services</u>			
Local Public Health Preparedness	93.069	EPO 08-11	1,291,925
Immunization 08/09	93.268	08-85294	369,931
National Bioterrorism Hospital Preparedness Program	93.889	EPO 08-10	255,925
Short/Doyle-Medical	93.778	07-77172-000	12,914,150
TB - Federal	93.116	FSIE	87,472
FMAAA	93.041	09-0103	72,528
Childhood Lead Poisoning Prevention 08-85055 08/09	93.197	08-85055	210,953
CARE / Ryan White	93.924	06-55749	269,832
Aids Early Intervention	93.918	07-60548	306,750
Aids HIV Street Outreach	93.145	07-65048	177,594
HIV Counseling and Testing	93.918	07-65048	64,142
HIV Administration	93.940	07-65048	10,754
HEPC	93.945	07-65048	9,970
Aids Block Grant	93.940	07-65048	68,411
Aids Exp (Aids Educ/Prev)	93.145	07-65048	306,910
SAMHSA	93.958	1946001347j5	221,117
MAA/TCM	93.778	08-85147	286,345
Health Care for Children in Foster Care 08-09	93.568	08-85055	318,947
CHDP PCG 08-09	93.994	08-85055	499,062
Adolescent Family Life Program (AFLN)	93.994	200710-2	606,195
In Home Supportive Serv.	93.667	CFL 07/08-14	5,036,235
A.P.S.	93.667	CFL 07/08-08	473,820
<u>Passed Thru State Department of Social Services</u>			
ARRA FC Assistance	93.658	020734G	493,432
ARRA Adopt Assistance	93.659	020733G	189,021
ARRA Public Authority	93.778	034252G	4,256,963
SB933 Placement	93.558	PROB IV-E & GHMV	121,951
Admin Medi-Cal	93.778	MCAG Letter 2008-05	42,587,126
RESS Program	93.566	Refugee Coordinator Letter 08-13	829,230
Performance Incentive	93.558	CFL 07/08-30, CFL 07/08-33	668,632

The accompanying notes are an integral part of this schedule.

**COUNTY OF FRESNO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA No.</b>	<b>Pass-Through Entity ID Number</b>	<b>Federal Expenditures</b>
<u>Passed Thru California Department of Community Health</u>			
Maternal and Child Health (MCH)	93.994	200810	2,839,489
Targeted Case Mgmt 08-09	93.558	Targeted Case Mgt	1,290,986
ARRA Admin-Child Support	93.563	Fresno Co. No. 10	1,972,357
Admin-Child Support	93.563	Fresno Co. No. 10	12,679,795
<u>Passed Thru California Department of Alcohol and Drug Programs</u>			
Drug Medi-Cal	93.778	7-NNA10	10,297,530
Perinatal Fed Medi-Cal	93.778	7-NNA10	71,190
SAPT Block	93.959	7-NNA10	5,174,448
<b>Total U.S. Department of Health and Human Services</b>			<b>314,091,844</b>
<u><b>U.S. Department of Housing and Urban Development</b></u>			
<u>Direct Federal Programs</u>			
Community Dev. Block Grant (CDBG)	14.218		4,124,348
Emergency Shelter	14.231		175,880
Home Investment Program	14.239		3,053,986
Neighborhood Stabilization Program	14.256		150,645
<u>Passed Thru California Community Health AIDS division</u>			
HOPWA / Ryan White	14.241	07-65527	330,689
<b>Total U.S. Department of Housing and Urban Development</b>			<b>7,835,548</b>
<u><b>U.S. Department of Justice</b></u>			
<u>Direct Federal Programs</u>			
Federal Asset Forfeiture Program	16.000		29,761
Meth-Child Endangerment	16.710		117,408
FCNET	16.738		387,946
ICAC	16.543		156,518
Alien Assistance	16.606		1,309,223
<u>Passed Thru California Department of Corrections and Rehabilitation</u>			
Juvenile Drug Court 104-08	16.523	CSA 104-06	45,738
<u>Passed Thru Correction Standard Authority</u>			
MIOCR 08-09	16.745	CSA 910-06	25,600
Title -V- STOP Program 08-09	16.548	CSA 406-06	24,058
<u>Passed Thru Office of Emergency Services</u>			
Victim Witness 08-09	16.575	VW 08 27 0100	259,514
V.O.I.S.E. 08-09	16.588	PU 08 06 0100	87,656
Elder Abuse 08-09	16.575	EA 08 09 0100	109,531
Violence Against Woman	16.588	VV08040100	109,999
Project Safe Neighborhood	16.742	US07020100	127,315

The accompanying notes are an integral part of this schedule.

**COUNTY OF FRESNO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA No.</b>	<b>Pass-Through Entity ID Number</b>	<b>Federal Expenditures</b>
<u>Passed Thru Fresno Police Department</u>			
Justice Assistance Grant, #2005-F1031-CA-DJ	16.738	2005-F1031-CA-DJ	8,471
Justice Assistance Grant, #2006-F1900-CA-DJ	16.738	2006-F1900-CA-DJ	10,349
Justice Assistance Grant, #2007-F2620-CA-DJ	16.738	2007-DJ-BX-0161	65,907
<b>Total U.S. Department of Justice</b>			<u>2,874,994</u>
<u><b>U.S. Department of Homeland Security</b></u>			
<u>Passed Thru the California Governor's Office of Homeland Security</u>			
FY07 Homeland Security Grant 2007-0008 HSGP	97.067	2007-0008	199,840
FY08 Homeland Security Grant 2008-0006 HSGP	97.067	2008-0006	624,307
<b>Total U.S. Department of Homeland Security</b>			<u>824,147</u>
<u><b>U.S. Department of Transportation</b></u>			
<u>Passed Thru State Department of Transportation</u>			
<u>Highway Planning and Construction</u>			
Federal Highway Bridge	20.205	BRLO-5942	10,271
Federal Highway Bridge Replace	20.205	STPLX-5942	51,838
Demonstration Project	20.205	DEMO5-5942/HPLUL-5942	538,742
High Risk Rural Roads	20.205	HRRL-5942	164,655
Federal Cong. Mit/Air Quality	20.205	CML-5942	34,616
Federal-Surface Trans Prg	20.205	STPLH-5942	2,067,821
<u>Passed Thru Dept Transportation Safety</u>			
OTS-PRIDE 08-09	20.600	AL0962	108,680
<u>Passed Thru the Office of Traffic Safety</u>			
DMV-DUI Grant	20.601	07-099	99,023
DMV-DUI Drug Court 08-09	20.601	A#07-099	393,426
ARIPP	20.600	AL0715	287,993
Federal Exchange Program	20.303	X08-5942(169)/X09-5942(175)	368,108
<b>Total U.S. Department of Transportation</b>			<u>4,125,173</u>
<u><b>U.S. Election Assistance Commission (EAC)</b></u>			
<u>Direct Federal Programs</u>			
HAVA 301	90.401		364,120
<b>Total Grants</b>			<u><u>583,763,291</u></u>

The accompanying notes are an integral part of this schedule.

**COUNTY OF FRESNO**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2009**

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**NOTE 1 - GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all of the federal award programs of the County of Fresno, California (County) for the year ended June 30, 2009. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.

The County reporting entity is defined in Note 1 to the County's basic financial statements. The Fresno County Employees' Retirement Association is reported as a trust fund in the fund financial statements. The following County Service Areas, Lighting and Maintenance Districts and Waterworks Districts are blended as Special Revenue and Enterprise funds in the County's fund financial statements.

- County Service Areas 1, 2, 5, 7, 8, 10, 14, 18, 19, 23, 30, 31, 32, 33, 34, 35, 38, 39, 43, 44, 47, 40, 50 and 51
- Van Ness Boulevard Estates Lighting District;
- County Maintenance Districts 1, 2, 3, 4, 5 and 6;
- Waterworks Districts 37, 38, 40, 41 and 42;
- Southeast Regional Disposal Site

**NOTE 2 - BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is prepared using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

**NOTE 3 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Information reported in the accompanying Schedule of Expenditures of Federal Awards is in substantial agreement with the information reported in the related federal financial reports for the major federal programs.

**NOTE 4 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Federal award revenues are reported in the County's basic financial statements as intergovernmental revenues principally in the General and Special Revenue Funds.

**NOTE 5 - HOUSING AND REHABILITATION PROGRAM LOANS**

The County participates in housing and rehabilitation programs whereby funds have been received by HUD in the current year and prior years for Housing and Rehabilitation loans. Total loans outstanding for these programs are \$37,740,917 at June 30, 2009. Interest earned and repayment of the loans are not refunded to the Federal Government but are used to make additional loans. Such loan amounts are not recorded in the accompanying schedule.

**NOTE 6 - AMOUNT PROVIDED TO SUBRECIPIENTS**

The County has provided federal awards to various subrecipients. At June 30, 2009, amounts provided to subrecipients from each Federal program are not readily available and are not separately identified.

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**COUNTY OF FRESNO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? \_\_\_\_\_ Yes        X   No

Significant deficiencies identified that are not considered to be material weaknesses?   X   Yes      \_\_\_\_\_ None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes        X   No

**Federal Awards**

Internal control over major programs:

Material weaknesses identified? \_\_\_\_\_ Yes        X   No

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes        X   None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_\_\_ Yes        X   No

**Identification of Major Programs**

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.239	Home Investment Partnerships Program
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.658	Foster Care - Title IV-E
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes        X   No

**COUNTY OF FRESNO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 09-01 Accounts Receivable**

General Fund grants receivable was understated by \$919,857. This understatement was the result of the omission of the Form FCAC-171 Detail of Grant/Claim Receivables and Deferred Revenue by the Human Services Department. Oversight of the Form FCAC-171 submission was not in place and resulted in the error. Once the error was identified by the auditor, an adjusting entry was made and the CAFR was corrected.

**Recommendation**

Forms submitted by department should be reviewed for accuracy at the Department level prior to submission to Financial Reporting and Accounting Division (FR&A). FR&A should perform a second review, as necessary, keeping materiality considerations in mind.

**Management Response**

The department has implemented review procedures along with tracking procedures to assure all departmental grants are recorded on the FCAC-171 Detail of Grant/Claim Receivables and Deferred Revenue. The Auditor-Controller/Treasurer-Tax Collector's office has implemented review and tracking procedures to assure all grants are recorded on the FCAC-171 Detail of Grant/Claim Receivables and Deferred Revenue. The Auditor-Controller/Treasurer-Tax Collector's office will advance the due date for the Schedule of Federal Financial Assistance which will add an additional set of internal controls to assure all grant revenues are recorded on the appropriate forms in a timely manner.

**SECTION III – FEDERAL AWARD FINDINGS**

None



**COUNTY OF FRESNO  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 08-01 Loans Receivable**

General Fund loans receivable was understated by \$134,345. This understatement was the result of an error in preparing Form FCAC-170 Detail of Accounts Receivable by the Auditor Controller/Treasurer-Tax Collector Revenue Reimbursement Division. The accuracy of this form was not reviewed and resulted in the error. Once the error was identified, the adjusting entry was made and the CAFR was corrected.

**Recommendation**

Forms submitted by department should be reviewed for accuracy at the Department level prior to submission to FR&A. FR&A should perform a second review, as necessary, keeping materiality considerations in mind.

**Management Response**

FR&A uses FCAC forms as a way for County Departments to communicate the various financial transactions that have taken place within different County programs. Hundreds of FCAC forms are prepared by fiscal staff and then reviewed and approved by Managers and Business Managers who are most familiar with these programs prior to their submittal to FR&A. FR&A adjusts the financial statements based on information provided in the FCAC forms.

**Status**

Not implemented. See Finding 09-01.

**Finding 08-02 Public Administrator-Guardian Agency Fund**

Total assets in the Public Administrator-Guardian Agency Fund were understated by \$2,591,878 due to an improper accounting adjustment made during the financial statement preparation process. Once the error was identified, the adjusting entry was made and the CAFR was corrected.

**Recommendation**

A "review checklist" should be used to ensure that a complete review of significant financial statement items is conducted by FR&A staff.

**Management Response**

This adjustment was noted by the auditors prior to the Financial Reporting and Audit Division (FR&A) staff's review of the Public Administrator-Guardian Agency fund draft financial statements. The external auditors start their audit procedures during the period that FR&A is preparing and reviewing financial statements. FR&A improved its internal control over the accuracy of this year's CAFR preparation by performing a more detailed review of each financial statement included in the report. A review checklist was developed requiring specific review procedures for each fund financial statement. Had the auditors not noted this adjustment as early as they did, we believe that our review process would have identified the discrepancy and the financial statements would have been corrected prior to finalizing the CAFR.

**Status**

Implemented.

**COUNTY OF FRESNO  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009**

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**SECTION III – FEDERAL AWARD FINDINGS**

**Finding 08-03**

In determination of eligibility for the Medi-Cal Assistance Program (CFDA # 93.778), through the Department of Health and Human Services, for the year 2008, the County eligibility worker is required to verify an applicant's lack of income with "The State of California – Department of Health Services Income and Eligibility Verification System Abstract (IEVS) Report" if the applicant has reported no income. This report contains information on the applicant's income and employment in accordance with program requirements. During compliance testing performed on 40 case files selected, 3 were missing this document. However, through further review of documentation, we satisfactorily determined that these applicants were, in fact, eligible for Federal assistance.

**Recommendation**

County staff responsible for the eligibility determination and review of Medi-Cal cases must address current procedures of case file setup and maintenance, and establish additional procedures to ensure that case files are completed properly to support the determination of Federal eligibility in accordance with program requirements.

**Management Response**

In the review of the findings our corrective action plan is predicated on three main points that support each other and improve effectiveness.

First, the Department of Employment and Temporary Assistance will have workers trained by supervisory staff on our Policy and Procedure Guide, item 15-01-01, which calls for the requirement of obtaining the applicant IEVS documentation. The training will part of the Program Specialist Newsletter which is an online publication. The training will be recorded on our department E-SD6 database so that we will be able to track the personnel who have attended supervisory training.

Second, our department has developed an online testing process where we can post a test of the workers knowledge in a given subject area. In this case, in the next quarter the Medi-Cal quiz questions will be considered and developed which will determine how well the training was received by eligibility worker staff.

Third and finally, the Department has a Quality Control section dedicated to the review of Medi-Cal cases. The Department maintains an online case review system called Rushmore. During next year's process, the Quality Control unit will review a sample case in the Medi-Cal program to determine if staff are meeting the IEVS requirements. Data from these reviews will be provided to management and supervisory staff on an ongoing basis so that further correction, when necessary, can occur at the worker level.

We believe that this three-pronged approach will alleviate any further errors in this area.

**Status**

Implemented.